



Commonwealth of Kentucky Public Protection Cabinet

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Insurance Companies Submit Proposed Rates for 2017 *Will undergo state DOI review process*

Frankfort, Ky. (May 25, 2016) -- Insurance companies have submitted their proposed rates for 2017. The Kentucky Department of Insurance (DOI) advises Kentuckians that significant rate increases have been requested for policies sold both on and off the health insurance exchange. Insurance analysts are reviewing preliminary data from the proposals.

"The Department of Insurance will fully investigate all proposed rate increase requests to make sure they are warranted," said DOI Commissioner Brian Maynard. "Insurance rate increases are not specific to Kentucky; states across the nation are dealing with this issue."

Some of the rate increases in Kentucky appear to be attributed to the failure of the Kentucky Health Cooperative Inc. The co-op was an insurance company created under Obamacare. The co-op went bankrupt and was placed into liquidation earlier this year, leaving other insurance companies to cover the more than 51,000 former co-op customers. Many of those customers were high-risk, and Kentucky's remaining insurers appear to project that those high-risk customers will affect the risk pool.

According to a recent Issue Brief from the American Academy of Actuaries, if a risk pool disproportionately attracts those with higher expected claims, premiums will be higher on average. In announcing the issue brief, American Academy of Actuaries Senior Health Fellow Cori Uccello said "There are both upward and downward pressures on premiums for 2017, but for the individual and small group markets as a whole, the factors driving premium increases dominate."

The full brief titled, Drivers of 2017 Health Insurance Premium Changes, can be found here: <http://www.actuary.org/content/drivers-2017-health-insurance-premium-changes-0>.

According to the National Conference of State Legislatures, "the increased cost of health insurance is a central fact in any discussion of health policy and health delivery."

The report, Health Insurance: Premiums and Increases, is available online: <http://www.ncsl.org/research/health/health-insurance-premiums.aspx>.

In relation to the upcoming 2017 plan year, all Kentuckians will have at least two choices for health coverage. Anthem is selling in all counties on the exchange, while Golden Rule is selling in all counties off the exchange. Some consumers will be able to select from as many as five carriers both on and off the exchange.

The 2017 rate filings are available online at the Kentucky Department of Insurance website at <http://insurance.ky.gov/ratefil/default.aspx>. The department will evaluate and investigate the requests. Rates must be approved 60 days post receipt of each applicable filing, no later than July 11, 2016.

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